

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: X City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: City of Grandville	County Kent
Audit Date June 30, 2005	Opinion Date October 4, 2005	Date Accountant Report Submitted To State: December 20, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | | |
|------------------------------|--|---|
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address 1111 Michigan Ave.	City East Lansing	State MI	ZIP 48823
Accountant Signature 			

City of Grandville, Michigan

**Financial Report
with Supplemental Information
June 30, 2005**

City of Grandville, Michigan

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Independent Auditor's Report

To the Mayor and City Council
City of Grandville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grandville, Michigan as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Grandville, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grandville, Michigan as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.



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To the Mayor and City Council
City of Grandville, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grandville, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 4, 2005

City of Grandville, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the City of Grandville, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the City's financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

The City as a Whole

The following table shows, in a condensed format, the net assets as of the current date:

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current assets	\$ 8,228,481	\$ 7,953,260	\$ 7,851,419	\$ 9,613,126	\$ 16,079,900	\$ 17,566,386
Noncurrent assets	29,718,126	32,369,333	19,795,942	18,224,464	49,514,068	50,593,797
Total assets	37,946,607	40,322,593	27,647,361	27,837,590	65,593,968	68,160,183
Liabilities						
Current liabilities	1,605,469	1,722,028	794,800	1,051,999	2,400,269	2,774,027
Long-term liabilities	5,932,946	6,079,153	3,737,357	4,027,357	9,670,303	10,106,510
Total liabilities	7,538,415	7,801,181	4,532,157	5,079,356	12,070,572	12,880,537
Net Assets						
Invested in capital assets -						
Net of related debt	23,838,126	26,079,333	11,869,098	9,578,574	35,707,224	35,657,907
Restricted	2,190,504	2,491,570	542,000	693,800	2,732,504	3,185,370
Unrestricted	4,379,562	3,950,509	10,704,106	12,485,860	15,083,668	16,436,369
Total net assets	\$ 30,408,192	\$ 32,521,412	\$ 23,115,204	\$ 22,758,234	\$ 53,523,396	\$ 55,279,646

City of Grandville, Michigan

Management's Discussion and Analysis (Continued)

The City's combined net assets decreased 3.2 percent from a year ago - decreasing from \$55,279,646 to \$53,523,397. As we look at the governmental activities separately from the business-type activities, we can see that unrestricted net assets - the part of net assets that can be used to finance day-to-day operations - increased by \$429,053 for the governmental activities. This represents an increase of approximately 11 percent, which includes a \$1.5 million reimbursement from the Water Fund for capital expenditures made by the General Fund in prior years. The current level of unrestricted net assets for our governmental activities stands at \$4,379,562.

- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$15,000 this year. The City reacted by continuing to utilize its fund balance reserves to maintain an expenditure level that enhances the quality of life enjoyed by our citizens.
- City property tax revenue increased 2 percent from 2004.

The following table shows the changes of the net assets during the current year:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue						
Program revenue:						
Charges for services	\$ 2,207,576	\$ 2,591,978	\$ 4,858,197	\$ 5,317,461	\$ 7,065,773	\$ 7,909,439
Operating grants and contributions	1,285,185	1,621,106	-	-	1,285,185	1,621,106
Capital grants and contributions	-	110,140	82,940	48,046	82,940	158,186
General revenue:						
Property taxes	5,366,546	5,258,488	-	-	5,366,546	5,258,488
State-shared revenue	1,328,105	1,342,795	-	-	1,328,105	1,342,795
Unrestricted investment earnings	228,570	152,413	168,566	117,860	397,136	270,273
Franchise fees	127,478	118,124	-	-	127,478	118,124
Other revenue	40,688	96,726	-	-	40,688	96,726
Special item	1,500,000	-	-	-	1,500,000	-
Total revenue	12,084,148	11,291,770	5,109,703	5,483,367	17,193,851	16,775,137

City of Grandville, Michigan

Management's Discussion and Analysis (Continued)

TABLE 2 (Continued)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Program Expenses						
General government	\$ 2,236,901	\$ 2,206,603	\$ -	\$ -	\$ 2,236,901	\$ 2,206,603
Judicial	680,994	633,327	-	-	680,994	633,327
Public safety	3,945,531	3,988,227	-	-	3,945,531	3,988,227
Public works	5,336,115	5,356,825	-	-	5,336,115	5,356,825
Recreation and culture	1,667,766	1,547,425	-	-	1,667,766	1,547,425
Interest on long-term debt	330,061	352,159	-	-	330,061	352,159
Water and sewer	-	-	4,752,733	4,489,245	4,752,733	4,489,245
Total program expenses	14,197,368	14,084,566	4,752,733	4,489,245	18,950,101	18,573,811
Change in Net Assets	<u>\$ (2,113,220)</u>	<u>\$ (2,792,796)</u>	<u>\$ 356,970</u>	<u>\$ 994,122</u>	<u>\$ (1,756,250)</u>	<u>\$ (1,798,674)</u>

Governmental Activities

The City's total governmental revenues increased by approximately \$792,000. The increase, which represents 7 percent, was primarily due to a \$1.5 million reimbursement from the Water Fund for capital expenditures made by the General Fund in prior years.

Expenses increased by approximately \$113,000 during the year. Increases were led by the recreation program.

Business-type Activities

The City's business-type activities consist of the Water and Sewer Fund. We provide water to City residents by purchasing directly from the Wyoming City Water System. We provide sewage treatment through a City-owned and operated sewage treatment plant. Water rates increased 10 cents per thousand gallons and sewer rates decreased 10 cents per thousand gallons.

The City's Funds

Our analysis of the City's major funds begins on page 10, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The City's major funds for 2005 include the General Fund, the Major and Local Streets Funds, and the Revolving Fund, which accounts for special assessment receipts and disbursements to other funds.

The General Fund pays for most of the City's governmental services. The most significant are police and fire, which incurred expenses of \$3,847,679, approximately 43 percent of the total General Fund budget. The City planned General Fund expenditures to exceed revenues as it continues to reduce its fund balance. The City's goal is to limit unreserved fund balance to 15 percent of normal expenditures.

City of Grandville, Michigan

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events during the year. The most significant change was to reflect an increase in parks and recreation expenditures. Other changes were made to increase expenditure authorizations for highway, streets and bridges, and library. City department overall expenditure levels stayed under budget by \$37,132, or under 1 percent.

Capital Asset and Debt Administration

There was no increase in the City's indebtedness during the year, nor any change in the City's high credit rating. The City continues to invest in its capital assets by adhering to its five-year capital plan. During the year, the City invested \$1,241,852 in Major and Local Streets, and continued its investment in office furnishings and equipment. The City is continuing planned improvements in its Water and Sewer Funds with expenditures of \$2,468,110 in the current year.

Economic Factors and Next Year's Budgets and Rates

The City anticipates that there will be a continued decline in state revenue-sharing income coupled with increased unfunded mandates by both the state and federal government. This will undoubtedly shift tax burdens even more to the local level. Property tax revenue is anticipated to increase, but will not likely be enough to offset decreases in revenue sharing and inflationary increases such as employee health care. The City will address this issue by strictly adhering to the maintenance of department budgets and by developing budget alternatives that can be implemented upon notification of any mid-year revenue decreases. Finally, the City will continue to utilize its excess unrestricted General Fund balance.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of City finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the City Manager or City Finance Director.

City of Grandville, Michigan

Statement of Net Assets June 30, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 2,520,362	\$ 238,906	\$ 2,759,268	\$ 41,037
Investments (Note 3)	4,668,432	6,601,678	11,270,110	1,133,976
Receivables - Net (Note 4)	1,039,687	1,010,835	2,050,522	9,172
Restricted assets (Note 7)	-	542,000	542,000	-
Capital assets - Net (Note 5)	29,718,126	15,878,942	45,597,068	376,579
Intangible assets (Note 5)	-	3,375,000	3,375,000	-
Total assets	37,946,607	27,647,361	65,593,968	1,560,764
Liabilities				
Accounts payable	582,573	388,423	970,996	13,322
Accrued and other liabilities	511,081	21,991	533,072	157
Long-term liabilities				
Due in one year:				
Compensated absences	341,815	111,899	453,714	-
Long-term debt (Note 7)	170,000	272,487	442,487	-
Due in more than one year:				
Compensated absences	222,946	-	222,946	-
Long-term debt (Note 7)	5,710,000	3,737,357	9,447,357	-
Total liabilities	7,538,415	4,532,157	12,070,572	13,479
Net Assets				
Invested in capital assets - Net of related debt	23,838,126	11,869,098	35,707,224	376,579
Restricted:				
Cemetery	435,545	-	435,545	-
Drug forfeitures	178,354	-	178,354	-
Debt retirement	28,871	-	28,871	-
Roads	1,509,682	-	1,509,682	-
Other purposes	38,052	-	38,052	-
Revenue bond reserve	-	542,000	542,000	-
Unrestricted	4,379,562	10,704,106	15,083,668	1,170,706
Total net assets	\$ 30,408,192	\$ 23,115,204	\$ 53,523,396	\$ 1,547,285

City of Grandville, Michigan

		Program Revenues		
		Charges for	Operating	Capital Grants
	Expenses	Services	Grants and Contributions	and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 2,236,901	\$ 1,192,621	\$ -	\$ -
Judicial	680,994	336,766	56,798	-
Public safety	3,945,531	326,084	54,455	-
Public works	5,336,115	145,779	1,116,132	-
Recreation and culture	1,667,766	206,326	57,800	-
Interest on long-term debt	330,061	-	-	-
Total governmental activities	14,197,368	2,207,576	1,285,185	-
Business-type activities - Water and sewer	4,752,733	4,858,197	-	82,940
Total primary government	<u>\$ 18,950,101</u>	<u>\$ 7,065,773</u>	<u>\$ 1,285,185</u>	<u>\$ 82,940</u>
Component units - Downtown Development Authority	<u>\$ 116,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
State-shared revenues				
Unrestricted investment earnings				
Franchise fees				
Miscellaneous				
Total general revenues				
Special Item - Water Fund reimbursement				
Change in Net Assets				
Net Assets - July 1, 2004				
Net Assets - June 30, 2005				

Statement of Activities
Year Ended June 30, 2005

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (1,044,280)	\$ -	\$ (1,044,280)	\$ -
(287,430)	-	(287,430)	-
(3,564,992)	-	(3,564,992)	-
(4,074,204)	-	(4,074,204)	-
(1,403,640)	-	(1,403,640)	-
(330,061)	-	(330,061)	-
(10,704,607)	-	(10,704,607)	-
-	188,404	188,404	-
(10,704,607)	188,404	(10,516,203)	-
-	-	-	(116,509)
5,366,546	-	5,366,546	254,417
1,328,105	-	1,328,105	-
228,570	168,566	397,136	26,012
127,478	-	127,478	-
40,688	-	40,688	-
7,091,387	168,566	7,259,953	280,429
1,500,000	-	1,500,000	-
(2,113,220)	356,970	(1,756,250)	163,920
32,521,412	22,758,234	55,279,646	1,383,365
\$ 30,408,192	\$ 23,115,204	\$ 53,523,396	\$ 1,547,285

City of Grandville, Michigan

Governmental Funds Balance Sheet June 30, 2005

	General Fund	Major Streets Fund	Local Streets Fund	Revolving Fund	Other Governmental Funds - Nonmajor	Total Governmental Funds
Assets						
Cash and cash equivalents (Note 3)	\$ 2,380,932	\$ 54,118	\$ 15,370	\$ 2,058	\$ 40,831	\$ 2,493,309
Investments (Note 3)	1,607,865	1,495,438	424,748	56,826	336,077	3,920,954
Receivables - Net (Note 4)	400,101	136,703	47,270	446,919	2,718	1,033,711
Total assets	<u>\$ 4,388,898</u>	<u>\$ 1,686,259</u>	<u>\$ 487,388</u>	<u>\$ 505,803</u>	<u>\$ 379,626</u>	<u>\$ 7,447,974</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 239,585	\$ 232,552	\$ 94,825	\$ -	\$ 7	\$ 566,969
Accrued and other liabilities	114,847	332,601	3,987	-	251	451,686
Deferred revenue (Note 4)	-	-	-	446,458	-	446,458
Total liabilities	354,432	565,153	98,812	446,458	258	1,465,113
Fund Balances						
Reserved:						
Cemetery	435,545	-	-	-	-	435,545
Drug forfeitures	178,354	-	-	-	-	178,354
Debt retirement	-	-	-	-	28,671	28,671
Other purposes	38,052	-	-	-	-	38,052
Designated - Postemployment benefits	211,013	-	-	-	-	211,013
Unreserved - Reported in:						
General Fund	3,171,502	-	-	-	-	3,171,502
Special Revenue Funds	-	1,121,106	388,576	-	350,697	1,860,379
Debt Service Funds	-	-	-	-	-	-
Capital Projects Funds	-	-	-	59,345	-	59,345
Total fund balances	<u>4,034,466</u>	<u>1,121,106</u>	<u>388,576</u>	<u>59,345</u>	<u>379,368</u>	<u>5,982,861</u>
Total liabilities and fund balances	<u>\$ 4,388,898</u>	<u>\$ 1,686,259</u>	<u>\$ 487,388</u>	<u>\$ 505,803</u>	<u>\$ 379,626</u>	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and are not reported in the funds						28,526,245
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures						446,458
Long-term liabilities are not due and payable in the current period and are not reported in the funds						(5,880,000)
Accrued interest on long-term liabilities is not due and payable in the current period and is not reported in the funds						(52,335)
Internal Service Funds are included as part of governmental activities						1,949,724
Compensated absences included as a liability in governmental activities						(564,761)
Net assets of governmental activities						<u>\$ 30,408,192</u>

City of Grandville, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2005

	General Fund	Major Streets Fund	Local Streets Fund	Revolving Fund	Other Governmental Funds - Nonmajor	Total Governmental Funds
Revenue						
Property taxes	\$ 4,653,694	\$ 356,426	\$ 356,426	\$ -	\$ -	\$ 5,366,546
Licenses and permits	246,493	-	-	-	-	246,493
State sources	1,558,994	745,213	273,144	-	-	2,577,351
Local sources	-	48,150	-	-	-	48,150
Special assessment collections	-	-	-	153,549	-	153,549
Fines and forfeitures	632,122	-	-	-	-	632,122
Charges for services	784,537	-	-	-	30,100	814,637
Interest income	116,830	35,061	9,613	41,774	9,097	212,375
Rental income	5,740	-	-	-	477,990	483,730
Cable revenue	127,478	-	-	-	-	127,478
Other	59,172	-	-	-	-	59,172
Total revenue	8,185,060	1,184,850	639,183	195,323	517,187	10,721,603
Expenditures						
Current:						
General government	2,151,816	-	-	25,091	-	2,176,907
Judicial	628,752	-	-	-	-	628,752
Public safety	3,847,679	-	-	-	-	3,847,679
Public works	590,487	1,717,409	640,025	-	32,533	2,980,454
Recreation and culture	1,762,505	-	-	-	-	1,762,505
Debt service	-	-	-	-	742,540	742,540
Total expenditures	8,981,239	1,717,409	640,025	25,091	775,073	12,138,837
Excess of Revenue Over (Under) Expenditures	(796,179)	(532,559)	(842)	170,232	(257,886)	(1,417,234)
Other Financing Sources (Uses)						
Transfers in	30,500	168,179	-	-	264,275	462,954
Transfers out	(264,275)	-	-	(168,179)	(30,500)	(462,954)
Total other financing sources (uses)	(233,775)	168,179	-	(168,179)	233,775	-
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,029,954)	(364,380)	(842)	2,053	(24,111)	(1,417,234)
Special Item - Water Fund reimbursement	1,500,000	-	-	-	-	1,500,000
Net Change in Fund Balances	470,046	(364,380)	(842)	2,053	(24,111)	82,766
Fund Balances - July 1, 2004	3,564,420	1,485,486	389,418	57,292	403,479	5,900,095
Fund Balances - June 30, 2005	<u>\$ 4,034,466</u>	<u>\$ 1,121,106</u>	<u>\$ 388,576</u>	<u>\$ 59,345</u>	<u>\$ 379,368</u>	<u>\$ 5,982,861</u>

City of Grandville, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds	\$ 82,766
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Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. This is the amount by which depreciation exceeds capital outlays in the current period	(2,584,910)
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Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	(153,549)
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	410,000
---	---------

Decrease in interest expense incurred on outstanding bond principal payments that are recorded when earned in the statement of activities	2,478
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Increase in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(33,749)
--	----------

Internal Service Funds are also included as governmental activities	<u>163,744</u>
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Change in Net Assets of Governmental Activities	<u>\$ (2,113,220)</u>
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City of Grandville, Michigan

Proprietary Funds Statement of Net Assets June 30, 2005

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 60,719	\$ 178,187	\$ 238,906	\$ 27,053
Investments (Note 3)	1,677,826	4,923,852	6,601,678	747,478
Receivables - Net (Note 4)	366,382	644,453	1,010,835	5,976
Total current assets	2,104,927	5,746,492	7,851,419	780,507
Noncurrent assets:				
Restricted assets (Note 7)	-	542,000	542,000	-
Capital assets (Note 5)	7,600,690	8,278,252	15,878,942	1,191,881
Intangible assets	-	3,375,000	3,375,000	-
Total noncurrent assets	7,600,690	12,195,252	19,795,942	1,191,881
Total assets	9,705,617	17,941,744	27,647,361	1,972,388
Liabilities				
Current liabilities:				
Accounts payable	152,234	236,189	388,423	15,601
Accrued and other liabilities	4,521	17,470	21,991	7,063
Provision for compensated absences	14,023	97,876	111,899	-
Current portion of long-term debt (Note 7)	-	272,487	272,487	-
Total current liabilities	170,778	624,022	794,800	22,664
Noncurrent liabilities - Long-term debt - Net of current portion (Note 7)	-	3,737,357	3,737,357	-
Total liabilities	170,778	4,361,379	4,532,157	22,664
Net Assets				
Investment in capital assets - Net of related debt	7,600,690	4,268,408	11,869,098	1,191,881
Restricted - Revenue bond reserve	-	542,000	542,000	-
Unrestricted	1,934,149	8,769,957	10,704,106	757,843
Total net assets	<u>\$ 9,534,839</u>	<u>\$ 13,580,365</u>	<u>\$ 23,115,204</u>	<u>\$ 1,949,724</u>

City of Grandville, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2005

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
Operating Revenue				
Sale of water	\$ 1,310,613	\$ -	\$ 1,310,613	\$ -
Sewage disposal charges	-	3,254,785	3,254,785	-
Interest and penalty charges	16,840	13,738	30,578	-
Installation fees	38,915	195,839	234,754	-
Other charges for services	17,631	9,836	27,467	648,525
Total operating revenue	1,383,999	3,474,198	4,858,197	648,525
Operating Expenses				
Cost of water produced/purchased	741,600	-	741,600	-
Cost of sewage treatment	-	868,338	868,338	-
Cost of labor	209,248	798,685	1,007,933	89,719
Administrative costs, supplies, and other	252,580	932,738	1,185,318	329,473
Depreciation and amortization	220,507	480,120	700,627	288,229
Total operating expenses	1,423,935	3,079,881	4,503,816	707,421
Operating Income (Loss)	(39,936)	394,317	354,381	(58,896)
Nonoperating Revenue (Expense)				
Investment income	37,228	131,338	168,566	16,095
Interest expense	(1,800)	(247,117)	(248,917)	-
Gain on sale of equipment	-	-	-	206,545
Total income before capital contributions	(4,508)	278,538	274,030	163,744
Capital Contributions - Donations from private sources	43,260	39,680	82,940	-
Change in Net Assets	38,752	318,218	356,970	163,744
Net Assets - Beginning of year	9,496,087	13,262,147	22,758,234	1,785,980
Net Assets - End of year	<u>\$ 9,534,839</u>	<u>\$ 13,580,365</u>	<u>\$ 23,115,204</u>	<u>\$ 1,949,724</u>

City of Grandville, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2005

	Enterprise Funds			Internal Service Funds
	Water	Sewer	Totals	
Cash Flows from Operating Activities				
Receipts from customers	\$ 1,382,294	\$ 3,226,789	\$ 4,609,083	\$ -
Payments to suppliers	(834,764)	(1,582,761)	(2,417,525)	(322,937)
Payments to employees	(252,580)	(932,738)	(1,185,318)	(89,031)
Internal activity - Receipts from other funds	-	-	-	645,871
Net cash provided by operating activities	294,950	711,290	1,006,240	233,903
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(2,008,440)	(415,465)	(2,423,905)	(250,709)
Capital contributions	43,260	39,680	82,940	-
Proceeds from the disposal of fixed assets	-	-	-	235,324
Principal and interest paid on capital debt	(181,546)	(522,117)	(703,663)	-
Net cash used in capital and related financing activities	(2,146,726)	(897,902)	(3,044,628)	(15,385)
Cash Flows from Investing Activities				
Interest received on investments	37,228	131,338	168,566	16,095
Purchase of investment securities	-	(1,686,793)	(1,686,793)	(408,592)
Proceeds from sale and maturities of investment securities	530,975	-	530,975	-
Net cash provided by (used in) investing activities	568,203	(1,555,455)	(987,252)	(392,497)
Net Decrease in Cash and Cash Equivalents	(1,283,573)	(1,742,067)	(3,025,640)	(173,979)
Cash and Cash Equivalents - Beginning of year	<u>1,344,292</u>	<u>1,920,254</u>	<u>3,264,546</u>	<u>201,032</u>
Cash and Cash Equivalents - End of year	<u>\$ 60,719</u>	<u>\$ 178,187</u>	<u>\$ 238,906</u>	<u>\$ 27,053</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ (39,936)	\$ 394,317	\$ 354,381	\$ (58,896)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	220,507	480,120	700,627	288,229
Changes in assets and liabilities:				
Receivables	71,681	(27,996)	43,685	(2,654)
Accounts payable	41,673	(134,971)	(93,298)	6,536
Accrued and other liabilities	1,025	(180)	845	688
Net cash provided by operating activities	<u>\$ 294,950</u>	<u>\$ 711,290</u>	<u>\$ 1,006,240</u>	<u>\$ 233,903</u>

There were no noncash transactions during the year.

City of Grandville, Michigan

Fiduciary Funds Statement of Assets and Liabilities June 30, 2005

	<u>Agency Funds</u>
Assets - Cash and cash equivalents (Note 3)	<u>\$ 110,925</u>
Liabilities	
Accrued and other liabilities	\$ 92,285
Due to other governmental units	<u>18,640</u>
Total liabilities	<u>\$ 110,925</u>

Note I - Summary of Significant Accounting Policies

The accounting policies of the City of Grandville, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Grandville:

Reporting Entity

The City of Grandville is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

Blended Component Units

The 59th District Court has been blended into the General Fund of the City's financial statements. Although the Court operates under the direction of the district judge, it is reported as if it were part of the primary government because of the fiduciary responsibility the City retains relative to the operations of the Court.

The City of Grandville's Building Authority is governed by a four-member board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to monitor and finance the construction of the City's public buildings.

Discretely Presented Component Units

The Downtown Development Authority is reported within the component unit column in the government-wide financial statements to emphasize that it is legally separate from the City. The Authority was created to correct and prevent deterioration, encourage historical preservation, and to promote economic growth within the downtown district. The Authority's governing body, which consists of nine individuals, is selected by the City Council. In addition, the Authority's budget is subject to approval by the City Council. A separate report is not issued for the Authority.

Note I - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. General Fund activities are financed by revenue from income taxes, property taxes, state-shared revenue, and other sources.

Major Streets Fund - The Major Streets Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets.

Local Streets Fund - The Local Streets Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on local streets.

Revolving Fund - The Revolving Fund accounts for the resources of special assessment proceeds that are used for use on special assessment districts.

The City reports the following major proprietary funds:

Water and Sewer Funds - The Water and Sewer Funds account for the activities of the water distribution system and sewage collection system. These funds are financed primarily by user charges.

Note 1 - Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following fund types:

Internal Service Fund - The Internal Service Fund accounts for major machinery and equipment purchases and maintenance provided to other departments of the City on a cost-reimbursement basis.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, other governments, or other funds. These include the Recreation Fund, the 59th District Court, and the County and School Tax Fund. The Recreation Fund, the 59th District Court, and the County and School Tax Fund are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Nonmajor Governmental Funds - Nonmajor governmental funds consist of a Special Revenue Storm Sewer Trunkage and a General Debt Service Fund. Special Revenue Funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions. Debt Service Funds are used to account for the annual payment of principal, interest, and expenses in connection with certain long-term debt.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after December 1, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Note I - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services and charges to other funds. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. Operating expenses for proprietary funds include the cost of equipment and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on February 28 of the following year, at which time they are added to the county tax rolls. The 2004 valuation of the City totaled \$625 million, on which taxes were levied at 8.454 mills for the City's operating purposes. Property tax revenue amounted to \$5,366,546 (including delinquent taxes) in the current year and was recorded in the General Fund, Major Street Fund, and Local Street Fund.

Inventories and Prepaid Items - Inventories in the proprietary funds would be valued at cost, on a first-in, first-out basis, which would approximate market value. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted Assets - The restricted assets in the Sewer Fund consist of assets restricted pursuant to the resolutions for the 1996 Sewage System Revenue Bonds.

The reserved fund balance in the General Fund consists of monies (a) accumulated from drug forfeitures and are restricted by the State of Michigan to be used for future drug prevention programs; (b) to be spent on Metro H.S. Police Academy, and (c) to be used for cemetery care. Fund balance resulting from the issuance of bonds and related interest income (net of accounts payable from restricted assets) have been reserved in the Debt Service Fund. Net assets have also been restricted in the Enterprise Funds pursuant to the revenue bond resolutions for future revenue bond debt service.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, there was no interest expense capitalized as part of the cost of assets under construction.

Capital assets are depreciated using the straight-line method over the following useful lives:

Roads and sidewalks	10 to 50 years
Water and sewer distribution systems	10 to 100 years
Water and sewer treatment facilities	10 to 50 years
Land improvements	15 to 20 years
Buildings and building improvements	7 to 45 years
Vehicles	3 to 15 years
Office furnishings	5 to 20 years
Other tools and equipment	5 to 40 years

Note I - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave) - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications - Comparative data is not included in the City's financial statements.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - The annual budget is prepared by City management and is adopted by the City Council approximately 30 days before the start of the beginning of the fiscal year. A public hearing on the budget shall be held before its final adoption, at such time and place as the Council shall direct, and notice of the public hearing shall be published at least one week in advance by the clerk. Subsequent amendments are approved by the City Council in a similar process. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. Amounts encumbered for purchased orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or services rendered. The amount of encumbrances is not calculated as of June 30, 2005.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the total fund level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund, Major Streets Fund, and Local Streets Fund budgets, as adopted by the City Council, is included in the fund financial statements. A comparison of actual results of operations to other funds' budgets can be obtained at City Hall.

Excess of Expenditures Over Appropriations in Budgeted Funds - The City did not have significant expenditure budget variances during the year.

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Note 3 - Deposits and Investments (Continued)

The City has designated 12 banks for the deposits of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in treasury bills, bonds, and securities of the United States government; bank accounts and CDs; commercial paper rated superior; United States government or federal agency obligation repurchase agreements; bankers' acceptances of United States banks; and government investment pools. In addition, the City limits the percentage of funds which may be invested in each type. The City's deposits and investment policies are in accordance with statutory authority.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$8,475,872 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name:

Type of investment	Carrying Value	How Held
U.S. government or agency bond or note	\$2,991,148	Counterparty's trust

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with not more than a 270-day maturity. In addition, treasury bills, bonds, and securities of the United States or an agency or instrumentality of the United States must have a remaining maturity of two years or less, unless purchased for a debt retirement or other long-term investment account. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. government or agency bond or note	\$2,991,148	9.8 months

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Bank investment pool	\$1,290,629	AAA	Moody's
Bank investment pool	516,299	Not rated	
U.S. Agency bonds	1,999,000	AAA	Moody's
Mutual fund	1,283,595	AAA	Moody's

Concentration of Credit Risk

Per the City's investment policy, not more than 25 percent of total City funds classified as investments may be invested in commercial paper or investment pools and not more than 10 percent may be invested in repurchase agreements or bankers' acceptances. Of the City's investments, more than 5 percent of the City's investments are in FHLB U.S. agency bonds; these investments are 32.87 percent of the City's total investments.

City of Grandville, Michigan

Notes to Financial Statements June 30, 2005

Note 4 - Receivables

Receivables as of year end for the City's individual major funds and the nonmajor, Internal Service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Major Streets Fund	Local Streets Fund	Revolving Fund	Water Fund	Sewer Fund	Nonmajor and Other Funds	Total
Receivables:								
Special assessments	\$ -	\$ -	\$ -	\$ 446,458	\$ -	\$ -	\$ -	\$ 446,458
Accounts	55,026	-	-	-	352,341	644,453	-	1,051,820
Intergovernmental	320,139	124,294	44,147	-	-	-	-	488,580
Interest and other	24,936	12,409	3,123	461	14,041	-	2,718	57,688
Less allowance for uncollectibles	-	-	-	-	-	-	-	-
Net receivables	<u>\$ 400,101</u>	<u>\$ 136,703</u>	<u>\$ 47,270</u>	<u>\$ 446,919</u>	<u>\$ 366,382</u>	<u>\$ 644,453</u>	<u>\$ 2,718</u>	2,044,546
								Internal service - Interest and other
								5,976
								Total government-wide
								receivables
								2,050,522
								Fiduciary funds - Accounts
								-
								Net receivables
								<u>\$ 2,050,522</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable
Special assessments	<u>\$ 446,458</u>

City of Grandville, Michigan

Notes to Financial Statements June 30, 2005

Note 5 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

	Balance July 1, 2004	Additions	Disposals and Adjustments	Balance June 30, 2005
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 1,507,465	\$ 10,414	\$ (20,276)	\$ 1,497,603
Capital assets being depreciated:				
Roads and sidewalks	71,491,934	1,241,852	-	72,733,786
Land improvements	1,025,081	-	(10,375)	1,014,706
Buildings and improvements	8,347,156	240,646	(725)	8,587,077
Office furnishings and equipment	4,024,402	216,843	(93,357)	4,147,888
Subtotal	84,888,573	1,699,341	(104,457)	86,483,457
Accumulated depreciation:				
Roads and sidewalks	48,987,776	3,648,514	-	52,636,290
Land improvements	784,400	26,758	(346)	810,812
Buildings and improvements	1,902,159	222,322	(3,980)	2,120,501
Office furnishings and equipment	2,352,370	410,867	(67,906)	2,695,331
Subtotal	54,026,705	4,308,461	(72,232)	58,262,934
Net capital assets being depreciated	30,861,868	(2,609,120)	(32,225)	28,220,523
Net capital assets	<u>\$ 32,369,333</u>	<u>\$ (2,598,706)</u>	<u>\$ (52,501)</u>	<u>\$ 29,718,126</u>
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Construction in progress	279,203	234,998	(279,203)	234,998
Subtotal	294,203	234,998	(279,203)	249,998
Capital assets being depreciated:				
Water and sewer distribution systems	13,706,387	2,005,073	-	15,711,460
Buildings and building improvements	6,417,664	454,737	-	6,872,401
Other tools and equipment	2,197,237	8,300	-	2,205,537
Subtotal	22,321,288	2,468,110	-	24,789,398
Accumulated depreciation:				
Water and sewer distribution systems	4,906,328	356,524	-	5,262,852
Buildings and building improvements	1,870,985	131,640	-	2,002,625
Other tools and equipment	1,795,014	99,963	-	1,894,977
Subtotal	8,572,327	588,127	-	9,160,454
Net capital assets being depreciated	13,748,961	1,879,983	-	15,628,944
Net capital assets	<u>\$ 14,043,164</u>	<u>\$ 2,114,981</u>	<u>\$ (279,203)</u>	<u>\$ 15,878,942</u>

City of Grandville, Michigan

Notes to Financial Statements June 30, 2005

Note 5 - Capital Assets (Continued)

In the current year, the capital asset additions in the Enterprise Funds reflect assets original paid by the General Fund of \$1,500,000. In the current year, the General Fund was reimbursed this amount, which is reflected as a special item in the General Fund.

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 47,289
Judicial	48,788
Public safety	146,362
Public works	3,670,941
Recreation and culture	106,852
Internal Service Fund depreciation is charged to the various functions based on their usage of the asset	<u>288,229</u>
Total governmental activities	<u>\$ 4,308,461</u>
Business-type activities:	
Water Fund	\$ 220,507
Sewer Fund	<u>367,620</u>
Total business-type activities	<u>\$ 588,127</u>

As of June 30, 2005, the City had \$3,375,000 in unamortized intangible assets. The entire balance relates to sewage disposal rights. Amortization expense of \$145,211 was recognized in business-type activities.

Construction Commitments - The City has active construction projects at year end. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Lift Station	\$ 148,254	\$ 144,088
Watermain improvements	-	576,727
Watermain replacements	<u>371,502</u>	<u>129,193</u>
Total	<u>\$ 519,756</u>	<u>\$ 850,008</u>

City of Grandville, Michigan

Notes to Financial Statements June 30, 2005

Note 5 - Capital Assets (Continued)

Capital asset activity of the City's component unit was as follows:

	Balance July 1, 2004	Additions	Disposals and Adjustments	Balance June 30, 2005
Component Unit				
Capital assets not being depreciated -				
Land	\$ 201,207	\$ -	\$ -	\$ 201,207
Capital assets being depreciated -				
Land improvements	427,518	-	-	427,518
Accumulated depreciation - Land improvements	<u>(229,966)</u>	<u>(22,180)</u>	<u>-</u>	<u>(252,146)</u>
Net capital assets being depreciated	<u>197,552</u>	<u>(22,180)</u>	<u>-</u>	<u>175,372</u>
Net capital assets	<u>\$ 398,759</u>	<u>\$ (22,180)</u>	<u>\$ -</u>	<u>\$ 376,579</u>

Depreciation expense of \$22,180 of the component unit related solely to public works.

Note 6 - Interfund Receivables, Payables, and Transfers

Interfund Transfers

	Transfers Out			
	General Fund	Revolving Fund	Other Governmental Funds - Nonmajor	Total
Transfers in:				
General Fund	\$ -	\$ -	\$ 30,500	\$ 30,500
Major Streets Fund		168,179	-	168,179
Other governmental funds	<u>264,275</u>	<u>-</u>	<u>-</u>	<u>264,275</u>
Total	<u>\$ 264,275</u>	<u>\$ 168,179</u>	<u>\$ 30,500</u>	<u>\$ 462,954</u>

The majority of the above interfund transfers are made from the Revolving Fund to the Major Streets Fund and from the General Fund to the General Debt Service Fund. The Revolving Fund accounts for special assessment receipts and disbursements to other funds for debt retirement. The transfer from the General Fund to the Debt Service Fund is also for debt retirement.

City of Grandville, Michigan

Notes to Financial Statements June 30, 2005

Note 7 - Long-term Debt

Covenants of the Revenue Bond Resolutions provide for, among other things, guidance on rate setting (required anticipation of debt coverage ratio) and various restrictions on the transfer of funds, issuance of additional debt, creation of liens, and the sale and lease of property. In accordance with the revenue bond resolutions, cash of \$542,000 has been required to be restricted for a bond reserve.

Excluded from the governmental activities are special assessment bonds that were issued during fiscal year 2001. The bonds, totaling \$4,395,000, were issued to offset infrastructure expenditures incurred during fiscal years 1999 and 2000 related to a significant capital project. The bonds are payable solely from the collection of the special assessment and are not a general obligation of the City. While the City remains the paying agent and maintains information related to the bonds, the obligation is not reflected in the City's financial statements. The outstanding balance of these bonds at June 30, 2005 was \$2,405,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds:					
1992 Library Building Bonds, maturing through 2005, with interest ranging from 5.5% to 8.5%	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -
1999 Building Authority Bonds, maturing from 2004 through 2025, with interest ranging from 5% to 5.5%	6,040,000	-	160,000	5,880,000	170,000
Total governmental activities	6,290,000	-	410,000	5,880,000	170,000
Business-type Activities					
Revenue bonds:					
1996 Sewage System Bonds, maturing through 2016, with interest ranging from 5.1% to 5.7% (shown net of unamortized discount and bond issuance costs)	4,267,331	-	257,487	4,009,844	272,487
1989 Water Supply System Bonds, maturing through 2004, with interest ranging from 6% to 6.9% (shown net of unamortized discount)	179,746	-	179,746	-	-
Total business-type activities	4,447,077	-	437,233	4,009,844	272,487
Total long-term-debt	\$ 10,737,077	\$ -	\$ 847,233	\$ 9,889,844	\$ 442,487

City of Grandville, Michigan

Notes to Financial Statements June 30, 2005

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above governmental bonds are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 170,000	\$ 309,740	\$ 479,740	\$ 272,487	\$ 235,085	\$ 507,572
2007	175,000	301,028	476,028	287,487	219,715	507,202
2008	185,000	291,848	476,848	302,487	203,398	505,885
2009	195,000	282,158	477,158	322,487	186,118	508,605
2010	205,000	271,906	476,906	337,487	167,587	505,074
2011-2015	1,210,000	1,183,744	2,393,744	2,004,922	515,100	2,520,022
2016-2020	1,605,000	814,928	2,419,928	482,487	28,500	510,987
2021-2024	2,135,000	307,313	2,442,313	-	-	-
Total	\$ 5,880,000	\$ 3,762,665	\$ 9,642,665	\$ 4,009,844	\$ 1,555,503	\$ 5,565,347

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for coverage of certain employees' health claims and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and general liability insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The City has purchased commercial insurance for coverage of health claims for all employees. The City is self-insured for dental claims. The City estimates the liability for dental claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not been reported. The estimated liability is insignificant and has not been recorded on the accompanying financial statements.

Note 9 - Pension Plans

Defined Benefit Pension Plan

Plan Description - The City participates in the Michigan Municipal Employees' Retirement System (MMERS), an agent multiple-employer defined benefit pension plan; however, participation in the plan is closed to new employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The MMERS issues a publicly available financial report that includes financial statements and required supplementary information for the MMERS. That report may be obtained by writing to the MMERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the MMERS for these employees was established by negotiation with the City's competitive bargaining units and requires a contribution from the employees of varying percents of gross wages as follows:

	<u>Percentage</u>
Administration	1.71
Police sergeants	4.40
Police rank and file	3.55
Wastewater	2.60

Annual Pension Costs - For the year ended June 30, 2005, the City's annual pension cost of \$323,789 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002 using the entry age normal cost method. Significant actuarial assumptions used include: (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent to 8.66 percent per year, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility from an 8 percent return over a five-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 24 years.

City of Grandville, Michigan

Notes to Financial Statements June 30, 2005

Note 9 - Pension Plans (Continued)

Three-year trend information as of June 30 follows:

	Fiscal Year Ended June 30		
	2003	2004	2005
Annual pension costs (APC)	\$ 256,818	\$ 249,744	\$ 323,789
Percentage of APC contributed	100%	100%	100%
Net pension obligation	None	None	None

Defined Contribution Pension Plan

The City provides pension benefits to all of its full-time employees not participating in the defined benefit plan through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City contributes 9 percent of employees' eligible earnings (increased to 9 percent during the year), as defined in the plan document, and employee contributions for each employee plus interest allocated to the employee's account are fully vested after five years of service.

The City's total payroll during the current year was \$2,791,775. The current year contribution was calculated based on covered payroll of \$2,791,775, resulting in an employer contribution of \$244,930 and employee contributions of \$83,240.

Note 10 - Construction Code Fees

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. Beginning January 1, 2001, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2001 is as follows:

Cumulative shortfall at June 30, 2004	\$ (538)
Building permit revenue	195,718
Related expenses:	
Direct costs	181,425
Estimated indirect costs	13,806
Total construction code expenses	195,231
Cumulative shortfall at June 30, 2005	\$ (51)

Note 11 - Contingent Liabilities

The City has been named in a few claims and lawsuits regarding property tax appeals requesting damages of various amounts, the majority of which do not state a specific maximum. The proceedings have not yet progressed to the point where a legal opinion can be reached as to the ultimate liability, if any. No liability has been provided for any of these matters in the June 30, 2005 financial statements.

Note 12 - Other Postemployment Benefits

The City has elected to provide postemployment health benefits to all full-time employees upon retirement. Currently, 16 retirees are eligible for post-employment health benefits. The City includes pre-Medicare retirees in its insured health care plan, with no contribution required by the participant. For the fiscal year ended June 30, 2005, the City made payments for postemployment health benefits of approximately \$56,700.

The City's funding policy is on a pay-as-you-go basis, accounted for within the General Fund. During 2000, the City received an actuarial study to help quantify the potential long-term liability for retiree health care benefits.

As of December 31, 2001 (date of actuarial valuation), the unfunded actuarial accrued liability (UAAL) totaled \$459,608. Significant actuarial assumptions used in determining the UAAL are the same as those used for the defined benefit pension plan (see Note 9) with the additional assumption of projected health insurance premium increases of 4.5 percent compounded annually, attributable to inflation.

Upcoming Reporting Change - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009. It should be noted that the City has already completed an actuarial evaluation (as discussed above) and internal contributions have been set aside by the City that exceed the actuarial recommended payments.

Required Supplemental Information

City of Grandville, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,623,491	\$ 4,623,491	\$ 4,653,694	\$ 30,203
Licenses and permits	150,300	150,300	246,493	96,193
State sources	1,486,504	1,486,504	1,558,994	72,490
Fines and forfeitures	598,500	598,500	632,122	33,622
Other charges for services	670,101	670,101	784,537	114,436
Interest income	90,000	90,000	116,830	26,830
Rental income	3,000	3,000	5,740	2,740
Cable revenue	120,000	120,000	127,478	7,478
Other	-	-	59,172	59,172
Total revenue	7,741,896	7,741,896	8,185,060	443,164
Expenditures				
General government:				
Legislative	38,295	38,295	38,969	(674)
Assessor	149,759	149,759	129,695	20,064
Attorney	220,000	220,000	304,276	(84,276)
Clerk	103,046	103,046	100,822	2,224
Treasurer	297,898	299,398	305,172	(5,774)
Executive	247,350	247,350	261,491	(14,141)
Probation	374,455	374,455	371,106	3,349
Court	51,427	51,427	46,831	4,596
Building inspection	105,750	105,750	176,678	(70,928)
General administration	369,961	389,961	416,776	(26,815)
Judicial	574,350	595,550	628,752	(33,202)
Public safety:				
Narcotics enforcement	9,900	9,900	6,392	3,508
911 dispatch center	362,250	362,250	381,201	(18,951)
Police	2,554,124	2,572,124	2,584,833	(12,709)
Fire	886,593	902,093	875,253	26,840
Public works:				
Sidewalk maintenance	105,823	105,823	119,442	(13,619)
Parking lot maintenance	21,706	21,706	17,233	4,473
Highways, streets, and bridges	279,400	347,400	371,933	(24,533)
Sanitation and other	88,689	88,689	81,879	6,810
Recreation and culture:				
Cemetery	291,586	291,586	277,134	14,452
Special projects	578,455	578,455	571,396	7,059
Planning and zoning	52,394	52,394	50,937	1,457
Parks and recreation	621,544	758,544	519,442	239,102
Library	189,978	254,978	226,256	28,722
Other	97,439	97,439	117,340	(19,901)
Total expenditures	8,672,172	9,018,372	8,981,239	37,133

City of Grandville, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Excess of Expenditures Over Revenue	\$ (930,276)	\$ (1,276,476)	\$ (796,179)	\$ 480,297
Other Financing Sources (Uses)				
Transfers in	-	-	30,500	30,500
Transfers out	(389,275)	(389,275)	(264,275)	125,000
Total other financing sources (uses)	(389,275)	(389,275)	(233,775)	155,500
Excess of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	(1,319,551)	(1,665,751)	(1,029,954)	635,797
Special Item - Water Fund reimbursement	1,500,000	1,500,000	1,500,000	-
Net Change in Fund Balance	180,449	(165,751)	470,046	635,797
Fund Balance - July 1, 2004	3,564,420	3,564,420	3,564,420	-
Fund Balance - June 30, 2005	\$ 3,744,869	\$ 3,398,669	\$ 4,034,466	\$ 635,797

Note: The General Fund budget was adopted on the basis of total revenue and expenditures. The amounts shown above are in greater detail than the budget adopted by the City Council and are shown for management analysis only.

City of Grandville, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Major Streets Fund Year Ended June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 352,693	\$ 352,693	\$ 356,426	\$ 3,733
State sources	977,000	977,000	745,213	(231,787)
Local sources	47,000	47,000	48,150	1,150
Interest and rental income	20,000	20,000	35,061	15,061
Total revenue	1,396,693	1,396,693	1,184,850	(211,843)
Expenditures - Public works				
Administration	63,832	63,832	46,973	16,859
Snow removal	130,777	130,777	166,706	(35,929)
Signs and signals	162,055	162,055	147,949	14,106
Bridge	25,200	25,200	3,112	22,088
Street construction	949,000	1,399,000	1,055,989	343,011
Nonmotorized	10,000	10,000	4,990	5,010
Street maintenance	303,683	303,683	291,690	11,993
Total expenditures	1,644,547	2,094,547	1,717,409	377,138
Excess of Expenditures Over Revenue	(247,854)	(697,854)	(532,559)	165,295
Other Financing Sources - Transfers in	166,787	166,787	168,179	1,392
Net Change in Fund Balance	(81,067)	(531,067)	(364,380)	166,687
Fund Balance - July 1, 2004	1,485,486	1,485,486	1,485,486	-
Fund Balance - June 30, 2005	<u>\$ 1,404,419</u>	<u>\$ 954,419</u>	<u>\$ 1,121,106</u>	<u>\$ 166,687</u>

Note: The Major Streets Special Revenue Fund budget was adopted on the basis of total revenue and expenditures. The amounts shown above are in greater detail than the budget adopted by the City Council and are shown for management analysis only.

City of Grandville, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Local Streets Fund Year Ended June 30, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 352,693	\$ 352,693	\$ 356,426	\$ 3,733
State sources	267,000	267,000	273,144	6,144
Interest income	-	-	9,613	9,613
Total revenue	619,693	619,693	639,183	19,490
Expenditures - Public works				
Administration	35,540	35,540	27,760	7,780
Snow removal	93,277	93,277	104,463	(11,186)
Signs and signals	36,044	36,044	37,480	(1,436)
Street maintenance	276,183	276,183	267,674	8,509
Street construction	228,000	308,000	202,648	105,352
Total expenditures	669,044	749,044	640,025	109,019
Net Change in Fund Balance	(49,351)	(129,351)	(842)	128,509
Fund Balance - July 1, 2004	1,485,486	389,418	389,418	-
Fund Balance - June 30, 2005	<u>\$ 1,436,135</u>	<u>\$ 260,067</u>	<u>\$ 388,576</u>	<u>\$ 128,509</u>

Note: The Local Streets Special Revenue Fund budget was adopted on the basis of total revenue and expenditures. The amounts shown above are in greater detail than the budget adopted by the City Council and are shown for management analysis only.

Other Supplemental Information

City of Grandville, Michigan

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2005

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ 12,160	\$ 28,671	\$ 40,831
Investments	336,077	-	336,077
Receivables - Net	2,718	-	2,718
Total assets	<u>\$ 350,955</u>	<u>\$ 28,671</u>	<u>\$ 379,626</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 7	\$ -	\$ 7
Accrued and other liabilities	251	-	251
Total liabilities	258	-	258
Fund Balances - Unreserved - Reported in			
Special Revenue Funds	350,697	-	350,697
Debt Service Funds	-	28,671	28,671
Total fund balances	350,697	28,671	379,368
Total liabilities and fund balances	<u>\$ 350,955</u>	<u>\$ 28,671</u>	<u>\$ 379,626</u>

City of Grandville, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended June 30, 2005

	Special Revenue Fund	Debt Service Fund	
	Storm Sewer Trunkage	General	Total Nonmajor Governmental Funds
Revenue			
Charges for services	\$ 30,100	\$ -	\$ 30,100
Interest and rentals	7,528	1,569	9,097
Rental income	<u>-</u>	<u>477,990</u>	<u>477,990</u>
Total revenue	37,628	479,559	517,187
Expenditures			
Current - Public works	32,533	-	32,533
Debt service	<u>-</u>	<u>742,540</u>	<u>742,540</u>
Total expenditures	<u>32,533</u>	<u>742,540</u>	<u>775,073</u>
Excess of Revenue Over (Under) Expenditures	5,095	(262,981)	(257,886)
Other Financing Sources (Uses)			
Transfers in	-	264,275	264,275
Transfers out	<u>-</u>	<u>(30,500)</u>	<u>(30,500)</u>
Total other financing sources (uses)	<u>-</u>	<u>233,775</u>	<u>233,775</u>
Net Change in Fund Balances	5,095	(29,206)	(24,111)
Fund Balances - Beginning of year	<u>345,602</u>	<u>57,877</u>	<u>403,479</u>
Fund Balances - End of year	<u><u>\$ 350,697</u></u>	<u><u>\$ 28,671</u></u>	<u><u>\$ 379,368</u></u>

City of Grandville, Michigan

Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds June 30, 2005

	Agency			
	Recreation	County and School Tax	59th District Court	Total Agency
Assets - Cash and cash equivalents	<u>\$ 73,232</u>	<u>\$ 6,791</u>	<u>\$ 30,902</u>	<u>\$ 110,925</u>
Liabilities				
Accrued and other liabilities	\$ 73,232	\$ -	\$ 19,053	\$ 92,285
Due to other governmental units	<u>-</u>	<u>6,791</u>	<u>11,849</u>	<u>18,640</u>
Total liabilities	<u>\$ 73,232</u>	<u>\$ 6,791</u>	<u>\$ 30,902</u>	<u>\$ 110,925</u>